



**United States Department of Justice
United States Attorney's Office
District of Minnesota**

**B. Todd Jones,
United States Attorney**

David Anderson, Public Affairs Specialist
(612) 664-5684; cell: (612) 730-2251

News Release

FOR IMMEDIATE RELEASE
Wednesday, Sept. 2, 2009
WWW.USDOJ.GOV/USAO/MN

Illinois man pleads guilty to conspiracy to commit wire fraud

A 42-year-old Illinois man pleaded guilty today in federal court for his role in a scheme in defrauding investors of an investment management company.

Harold Alan Katz, Buffalo Grove, Ill., pleaded guilty to one count of conspiracy to commit wire fraud. He entered his plea before United States District Court Judge Paul Magnuson in St. Paul. Katz was charged on Aug. 20.

According to Katz's plea agreement, from Feb. 26, 2008, to Sept. 24, 2008, he assisted Gregory Bell to create and execute a scheme to defraud and obtain money by means of false and misleading statements and representations. Katz was an accountant for Lancelot Investment Management, a company owned by Bell. Bell, 44, Highland Park, Ill., was charged in July for wire fraud and money laundering for his role in the scheme, which involved investments in Petters Co. Inc. (PCI).

Lancelot Management managed three hedge funds that were organized as limited partnerships. These partnerships were invested almost exclusively in short-term, trade finance, promissory notes issued by PCI. Lancelot officials misrepresented investors and potential investors regarding Lancelot investments with PCI.

In late 2007 PCI was late in paying some of its promissory notes when they came due. Katz admitted conspiring to make 86 fraudulent banking transactions that gave investors and potential investors the false impression that PCI was paying its promissory notes on time.

These "round-trip" transactions involved wiring money from a Lancelot-controlled account to a PCI account. Shortly thereafter, the money was wired back to the Lancelot account making it look like the promissory note was being paid. Katz admitted creating a spreadsheet for investors that falsely showed the promissory notes had been paid.

Katz faces a potential maximum penalty of five years in prison. Judge Magnuson will determine Katz's sentence at a future date.

This case is the result of an investigation by the Federal Bureau of Investigation. It is being prosecuted by Assistant U.S. Attorneys John Docherty and Timothy C. Rank.

People who lost money investing in Lancelot and are willing to speak to law enforcement about their experiences are asked to call the Minneapolis office of the FBI at (612) 573-6366 and leave a message.